

COMMONWEALTH OF MASSACHUSETTS  
**DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY**

CAMBRIDGE ELECTRIC LIGHT COMPANY

D.T.E. 01-94

SECOND SET OF INFORMATION REQUESTS OF THE  
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY TO  
CAMBRIDGE ELECTRIC LIGHT COMPANY

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Pursuant to 220 C.M.R. § 1.06(6)(c), the Department of Telecommunications and Energy (“Department”) submits to Cambridge Electric Light Company (“Cambridge” or “Company”) the following Information Requests:

INFORMATION REQUESTS

DTE-CEL 2-1            Please refer to the Petition at page 1, including footnote 2. Provide a three-column table with the following information:

- (a)    all amendments to the existing power entitlement obligation between Cambridge and Vermont Yankee Nuclear Power Corporation (“Vermont Yankee”)
- (b)    the corresponding language in the existing power entitlements obligation between Cambridge and Vermont Yankee
- (c)    the reason for the amendment

DTE-CEL 2-2            Please refer to the Petition at page 1 and the following phrase: “(2) the inclusion of the Company’s share of the cost-of-service component of Vermont Yankee and any above-market value of the purchase-power of the Amendatory Agreement in the Company’s transition charge.” Please provide the following information:

- (a)    Specify and explain all above-market PPA costs that Cambridge proposes to recover with the proposed 2001 Amendatory Agreement.
- (b)    Specify and explain all above-market PPA costs that Cambridge would recover without the 2001 Amendatory Agreement.

DTE-CEL 2-3            Please refer to the Petition at paragraph 5. Explain the following statement: “However, through the period ending November 30, 2002, Cambridge’s purchase obligation is effectively reduced to 2.25 percent of

the net capacity, output, and ancillary products of the Station as a result of the resale in 1970 by non-Vermont sponsors of an aggregate of 4.5451 percent of the Vermont Yankee Station's output to certain municipal electric utilities." As part of this response please provide:

- (a) the year that the share of Cambridge's purchase obligation of net capacity, output, and ancillary products from the Station had been effectively reduced to 2.25%
- (b) the share of Cambridge's purchase obligation of the net capacity, output and auxiliary products from the Station pursuant to each of the successive eight amended contracts after 1970
- (c) an explanation as to how Cambridge's effective purchase obligation of net capacity, output and ancillary products from the Station has been 2.25 percent, while the amended contracts after 1970 provide for a 2.5 percent Cambridge's purchase obligations

DTE-CEL 2-4 Please refer to the Petition at paragraph 7. State the annual decommissioning costs for each of the years 1991-2001.

DTE-CEL 2-5 Please refer to the Petition at paragraph 8. Explain in what way the inclusion of a pre-funded decommissioning trust in the PSA of Vermont Yankee will benefit the Company and its customers.

DTE-CEL 2-6 Please refer to the Petition at paragraph 9. Explain why under the PSA Vermont Yankee agreed to purchase 100 percent of the actual net output of the Station. Did Vermont Yankee and Entergy consider options for purchasing different levels of the station's output? If so, explain why a level of 100 percent was chosen. State all reasons why this PPA was necessary to Vermont Yankee.

DTE-CEL 2-7 Please refer to CEL-RHM-1 at page 12. Please produce all statements from Entergy that the proposal "was conditioned on purchasers continuing to buy power from the Station."

DTE-CEL 2-8 Please refer to the Petition at paragraphs 9 and 10. Please provide the following information:

- (a) an explanation of the main differences and/or the common terms between the Entergy PPA and the 2001 Amendatory Agreement, as well as how those two contracts are related.
- (b) the cost per kilowatt hour for Station output purchased by Vermont Yankee under the Entergy PPA, and the cost per kilowatt hour resold by Vermont Yankee to Cambridge under the 2001 Amendatory Agreement.

DTE-CEL 2-9

Please refer to the following statement in the Petition at paragraph 11: "Cambridge agrees to pay its entitlement percentage of Vermont Yankee's cost of service, including the unamortized net plant investment for the Vermont Yankee Station, transaction and sales costs, post-closing obligations to Entergy under the PSA, and Vermont Yankee's operating expenses including principal and interest on borrowed funds associated with operating expenses."

- (a) Please resubmit the data provided in Exhibit CEL-BKR-2, pages 1 and 2, including each of the costs identified in the quoted passage, placing these costs in rows under the appropriate heading within that table.
- (b) Explain which of the costs identified in the quoted passage are not included in the existing power entitlement obligations between Cambridge and Vermont Yankee.

DTE-CEL 2-10

Please refer to the Petition at paragraph 16. State the estimated "future capital additions and decommissioning liability" that will be transferred to Entergy. Identify and include those costs within the framework of the data presented in Exhibit CEL-BKR-2, pages 1 and 2, and state all assumptions used for the estimates. Present a table similar to the format of Exhibit CEL-BKR-2, but include additionally the data for the years 1998 to 2001.

DTE-CEL 2-11

Please refer to the Petition at paragraph 17. Provide a complete and detailed explanation regarding the "ratemaking treatment" the Company is seeking as part of this petition.

DTE-CEL 2-12

Please refer to the Petition at page 6. Describe all of the Company's mitigation efforts taken in order to enter into the 2001 Amendatory Agreement.

- DTE-CEL 2-13 Please refer to Exhibit CEL-BKR-2 at pages 1 and 2. Provide tables identical to the tables in the referenced exhibit, with the addition of the years 1998 through 2001. Itemize each row of the tables and include and underline every cost associated with the 2001 Amendatory Agreement which is not already included in the existing power entitlement obligations between Cambridge and Vermont Yankee.
- DTE-CEL 2-14 Please refer to Exhibit CEL-BKR-2 at page 2, labeled "Vermont Yankee Continued Operation." Explain why there is no respective PPA information as provided in Exhibit CEL-BKR-2, at page 1, rows 16 through 19. Provide a table including the corresponding information for the existing power entitlement obligation between Cambridge and Vermont Yankee. If these figures are based upon forecasts, please indicate all underlying assumptions.
- DTE-CEL 2-15 Please refer to Exhibit CEL-BKR-2 at pages 1 and 2. Provide the following information:
- (a) Explain which rows include the cost to be recovered from the customers under the Vermont Yankee Continued Operations and Vermont Yankee Sale to Entergy.
  - (b) What is the meaning of the following rows: page 1, row 14 ("Total CELCO Revenue Requirements"); page 2, row 14 ("Total CELCO Revenue Requirements"); page 1, row 15 ("CELCO \$'s/KWH"); and page 2, row 15 ("CELCO \$'s/KWH")?
  - (c) In what units is the row on page 1, row 16 ("Price") measured?
  - (d) Explain the economic and accounting concept of the following rows: page 1, row 16 ("Price"); page 1, row 15 ("CELCO \$'s/KWH"); and page 2, row 15 ("CELCO \$'s/KWH"). Also, explain what the relationship is among the three rows.
  - (e) For the years 2002 and 2003, please divide data in page 1, row 17 ("Total CEL") by the data in page 1, row 9 ("CELCO Generation-MWH") and compare the result with that data in page 2, row 14 ("CELCO's \$/KWH"). Explain why page 2, row 14 is lower during those two years. What will be the real

benefit for the customers for these years under the 2001  
Amendatory Agreement?

- (f) Provide all assumptions for the estimation of page 1, row 1 ("Generation (MWH)") and page 2, row 1 ("Generation (MWH)").
- (g) Explain the economic and accounting rationale for adding page 1, row 12 ("Total CELCO Revenue Requirements") plus page 1, row 16 ("CELCO Share") to obtain page 1, row 17 ("Total CEL"). Explain the economic and accounting meaning of these rows.

DTE-CEL 2-16

Please refer to Exhibit CEL-BKR-1 at page 4. Provide a complete and detailed list of the component sub-accounts of Cost of the Service. Use four columns to present the following information:

- (a) Component sub-accounts of Cost of the Service before the proposed 2001 Amendatory Agreement;
- (b) Component sub-accounts of Cost of the Service after the proposed 2001 Amendatory Agreement;
- (c) The difference between the columns A and B; and
- (d) Specify the category of transition cost of each row in columns A and B.

DTE-CEL 2-17

Please refer to Exhibit CEL-BKR-1 at page 4. Provide a complete and detailed accounting of Cost of Service for:

- (a) The 10 years before the proposed 2001 Amendatory Agreement; and
- (b) The 10 years after the proposed 2001 Amendatory Agreement.

DTE-CEL 2-18

Please refer to Exhibit CEL-RHM-1 at pages 7 and 8. With respect to the process used by Vermont Yankee to sell the Station, please answer the following questions:

- (a) Page 7, lines 12-13. Explain the criteria used to select the 40 companies.
- (b) Page 7, lines 15-17. Explain how AmerGen indicated its interest to purchase and operate the Station.
- (c) Page 7, lines 19-20. Explain why the negotiation of Vermont Yankee with AmerGen was not successful. Also, indicate the prices and terms for which AmerGen proposed to purchase the Station.
- (d) Page 7, lines 20-21 and page 8, lines 1-5. Please provide a copy of the Vermont Public Service Board order in VPSB Docket No. 6300 referred to in the testimony.
- (e) With respect to (d) above, state the date when Vermont Yankee originally decided to seek divestiture of the Station and the date when the AmerGen's proposal was dismissed. On what basis did Vermont Yankee evaluate the market for nuclear assets on those dates? State the market price for nuclear assets on those dates.
- (f) Page 7, lines 5-15. Who were the bidders? Provide their names and their respective bids.
- (g) Page 7, lines 18-19. Please provide the PPA terms under the AmerGen proposal. In addition, submit a table in the same format as CEL-BKR-2 for the AmerGen proposal.
- (g) Explain how the auction agent J.P. Morgan was compensated. Provide the total cost paid to the auction agent J.P. Morgan to conduct that auction of the Station. Indicate where the total cost paid to J.P. Morgan is located in Exhibit CEL-BKR-2.

DTE-CEL 2-19

Please refer to Exhibit CEL-RHM-1 at page 9. Provide the cost of "all liabilities of Vermont Yankee associated with the Station's operation," including decommissioning costs. Explain what are the "certain limited exceptions stated in the PSA" and their respective costs.

Dated: February 7, 2002

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Jesse S. Reyes, Hearing Officer